

2Q2024 PERFORMANCE HIGHLIGHTS



August 2024

Another quarter of solid performance

Accelerated credit growth amidst more optimistic macro-economy outlook, cost continued to be monitored rigorously

KEY HIGHLIGHTS

Financial indicators

| | (VND bn) | |
|-----------------------|----------|-----------|
| 6M PBT | 20,835 | +1.6% yoy |
| 2 nd Q PBT | 10,116 | -5.6% qoq |
| | | +9.0% yoy |
| 6M ROAE | 19.3% | |
| 6M CIR | 29.9% | |
| NPL | 1.2% | |
| Credit cost | 0.5% | |
| LLCR | 212% | |
| CAR | 12.0% | |

Scale indicators

| | (VND tn) | (ytd) |
|----------|----------|-------|
| Loans | 1,370 | +7.8% |
| Deposits | 1,375 | -1.5% |

MACRO AND INDUSTRY RECAP

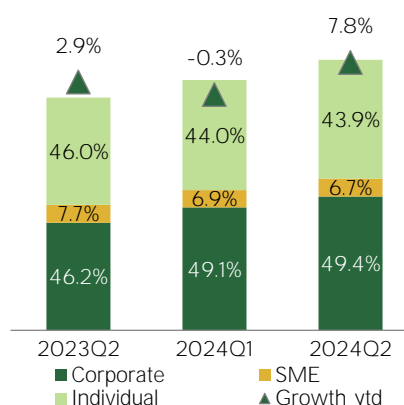
Vietnam economy recorded second strongest 2ndQ growth in the last 5 years, 6M24 GDP posted 6.4% growth yoy with Industry and Construction bounced back while Services was still resilient. Macro indicators showed production and trade activities started to recover while FDI was still robust and domestic consumption kept its momentum. Banking sector, on the other hand, still faced many challenges, with pressure on FX rate due to global high USD interest rates and fluctuating gold price, as well as weak capital absorption of the economy. End of 6M2024, sector's credit growth was still low at around 6% ytd while NPL on the rising trend across banks.

NET INTEREST INCOME

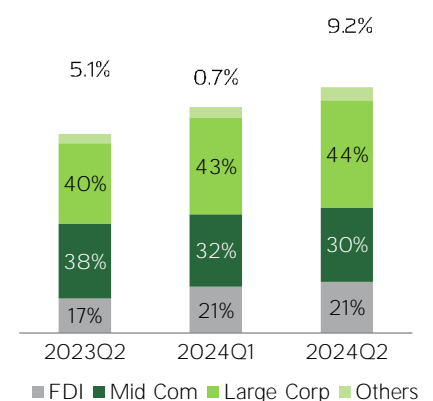
1. Loans

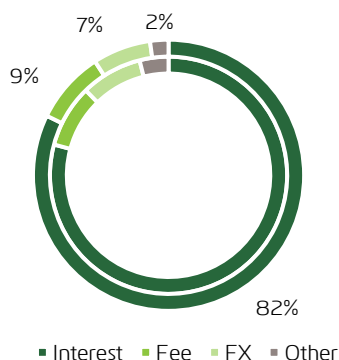
Loans accelerated at quarter-end, recording a ~7.8% increase ytd, higher than sector average and in line with whole year guidance. Wholesale portfolio was the main driver, growing at ~9.2% ytd and extending its contribution (~49.4%) over total loan book, driving mostly by robust growth in FDI and disbursement of several in-

Loans breakdown by customer



Corporate - Growth by customer group





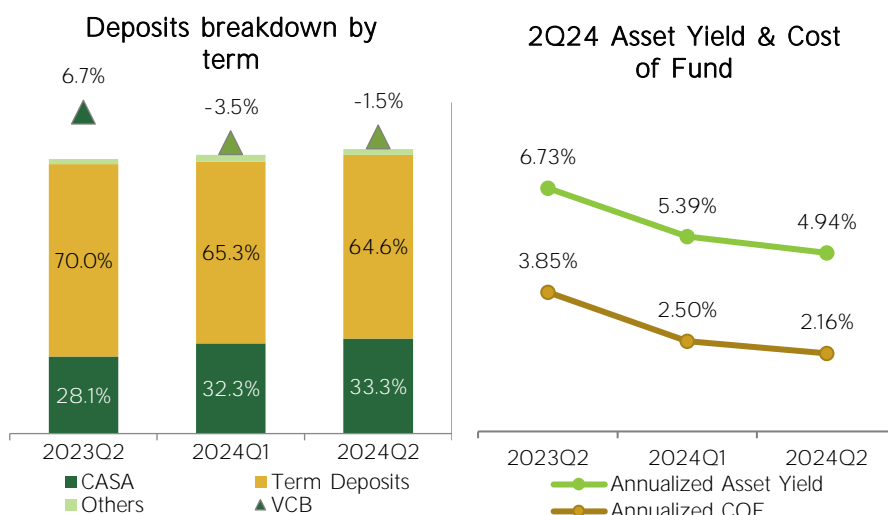
Operating Income Structure

(Outside: 6M2024; Inside: 2023)

the-pipeline projects in Large corp segments. Retail loans started to recover after stagnant first quarter, growing by 6.2% ytd (vs ~1% decrease in 1Q2024).

2. Deposits

On funding side, Deposits were well managed with a 1.5% decrease as the bank maintained comfortable liquidity. Interestingly, Retail deposits continued to improve (up by ~6% ytd) although the bank offered the lowest deposit rates in the market, affirming the bank's superior deposit position. With strong credit growth at quarter-end, 2ndQ24 pure LDR advanced to 99.6%, while stipulated LDR under Circular 22 remained under 85% threshold. Our CASA ticked up to 33.3% end of 2ndQ24, further driving down Cost of fund. Yet such impact was offset by lower Asset yields due to (i) full reflection of low interest rates level on our loan book and (ii) more contribution of short-term loans in overall portfolio. Those factors resulted in second quarter's annualized NIM of 3.05% (-0.11%pt vs 1Q24).

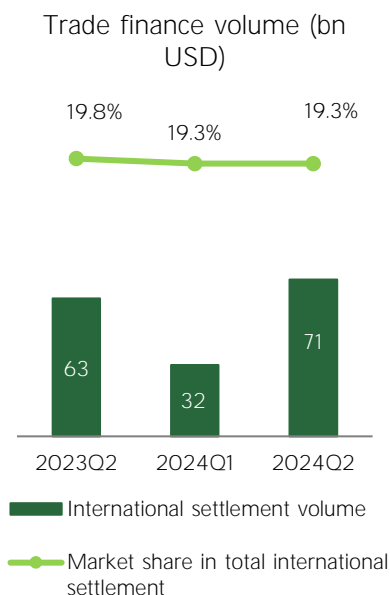


NON INTEREST INCOME

1. Fee income

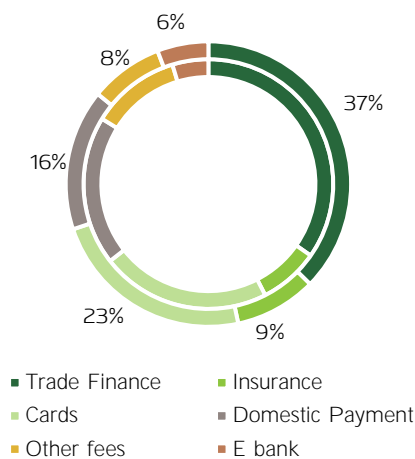
▪ **International Settlement & Trade Finance (TF):** With strong recovery in nation's trade activities, our TF activity also recorded robust growth in both sales and revenue. Specifically, 6M24 TF turnover recorded 13.8% yoy growth, VCB maintained market share of over 19%. TF income grew by 15.3% yoy and 35.3% qoq, contributing ~40% to total Fee Income and still the main component of our Fee income.

▪ **Card Service:** The second largest fee income source was Card service with 13% yoy and 31% qoq growth thanks to resilient Card volume growth over the first two quarters of the year.

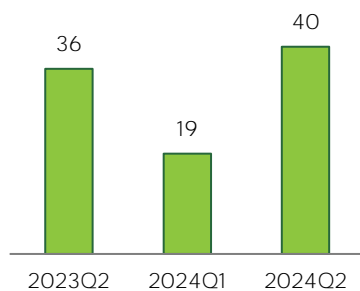


Fee Income Breakdown

(Outside: 6M2024; Inside: 2023)



FX transaction volume (bn USD)



▪ **Bancassurance:** Insurance service experienced another tough quarter when whole market recorded a ~42% decline yoy. Following the same trend yet to a less extend, VCB managed to increase FYP market share from ~10% to ~11% in 2ndQ despite market difficulties. Bancas income was unsurprisingly still modest and may need more time to recover.

▪ **Among other fees,** it was worth highlighting the continuous recovery in Digital banking services where our efforts in cost cutting and further penetration among corporate clients resulted in gains from E-bank from 1stQ24 till now after consecutive losses in 2022 and 2023 due to our zero-fee campaign.

2. Foreign Exchange Gain

Forex income accounted for roughly 7% of 2Q24 total operating income. Due to rising competition and high FX rate in second quarter (close to ceiling rate), we witnessed margin compression for FX business and decrease in FX income over same period last year as well as versus 1stQ (-22% and -3% respectively). However, VCB maintained leading position in terms of FX turnover (~17%), well above the runner up (~10%).

3. Other Noll

▪ **Bad debt collection:** With gradual recovery in real estate market and our quality collateral portfolio, we were able to boost collection from written off debt in the first half of the year. For 6MQ24, accumulated bad debt collection amounted to around VND1.4 trillion, corresponding to a 75% increase vs same period last year.

▪ **One-off expenses:** A recent guidance of General Department of Taxation requested credit institutions to declare and pay VAT arrears since 2011 for L/C service (which was exempt from VAT according to prior guidance). As such, we recorded a one-off amount under Other expenses in Q2.24 to reflect such change.

COST

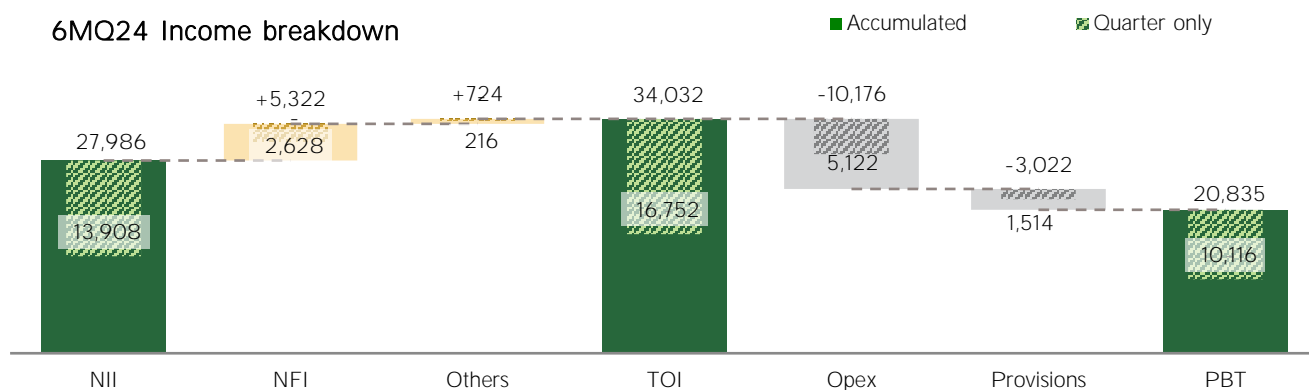
1. Opex

Against a still challenging business landscape in 2ndQ24, the bank maintained rigorous cost management. As a result, our OPEX only ticked up by more than 1% compared to 1stQ and recorded a 9.4% decrease vs same period last year. CIR was well controlled at ~30% level.

2. Credit cost

▪ **NPL & coverage:** VCB' asset quality remained the best-in-class. NPL still well controlled at 1.2%, with a slightly decrease in both retail and corporate segments in compare with last quarter. LLCR stayed strong at 212%, highest in the banking sector.

6MQ24 Income breakdown



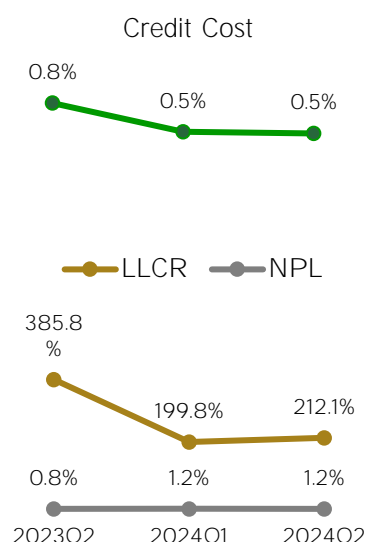
Unit: VND billion

NFI = Fee + FX + Trading income

- **Provision expenses & credit cost:** Provision expenses amounted to VND 1.5 trillion, quite flat (+0.4% qoq) in compare with 1Q2024 with credit cost stayed at 0.5% in 2Q2024, in line with the management strategy to reduce provision in 2024.

RESULTS DISCUSSION

To sum up, Q2.24 NII was still flat yoy and down 1.2% qoq due to slow credit demand recovery and margin compression, reflecting another challenging quarter for the bank. Noll posted a 17.6% decrease yoy and 11.2% down qoq as our main Noll streams still impacted by weak macro and trade backdrop in Q2.24. However, we started to see signs of recovery in Trade Finance, Card services, Digital banking & Bad debt collection while Bancas and Forex business were quite resilient. Also, excluding the one-off expense discussed above, Non interest income in Q2 was actually flat qoq and down by only 7% yoy. In the meantime, we continued to strictly control our cost with operating expenses and provisions on the declining trend.



Looking ahead, we expect accelerated recovery in credit thanks to the disbursement of big chunk credit from national major projects as well as robust production and trade activities amid more optimistic macro outlook. Another supporting factor may come from revived retail demand given resilient consumption and better property market prospects. On funding side, we focus on maintaining CASA and proactively manage deposits to facilitate credit growth. On top of that, we put efforts to enhance customer services and leverage on our advantages in payment services, especially digital products to boost sales and fee income.

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Although ending 2Q24 with moderate growth due to our prudent assessment of market conditions and low risk appetite, our core business still showed resilient growth in sales volumes and customers development. This will be the firm base for future acceleration once we have more confidence in macro-economy outlook and market opportunities.

KEY RATIOS

| Quality | 2023Q1 | 2023Q2 | 2023Q3 | 2023 | 2024Q1 | 2024Q2 |
|---|--------|--------|--------|--------|--------|--------|
| Loans to deposits | 91.6% | 88.8% | 88.2% | 91.0% | 94.0% | 99.6% |
| Loan loss reserve coverage (Provision/NPL) | 320.8% | 385.8% | 270.1% | 230.3% | 199.8% | 212.1% |
| NPL ratio | 0.85% | 0.83% | 1.21% | 0.98% | 1.22% | 1.20% |
| CAR | 10.72% | 11.22% | 11.59% | 11.59% | 11.91% | 12.02% |
| Credit Cost | 0.70% | 0.78% | 0.69% | 0.38% | 0.48% | 0.46% |
| Profitability (Quarter only) | 2023Q1 | 2023Q2 | 2023Q3 | 2023 | 2024Q1 | 2024Q2 |
| Annualized Net interest margin | 3.18% | 3.20% | 2.96% | 2.90% | 3.16% | 3.05% |
| Non-interest income/Operating Income | 23.30% | 19.75% | 20.16% | 19.79% | 18.53% | 16.98% |
| Annualized ROAA | 1.96% | 1.69% | 1.64% | 2.05% | 1.90% | 1.73% |
| Annualized ROAE | 25.66% | 20.66% | 19.73% | 24.91% | 20.28% | 18.75% |
| Cost-to-income ratio | 28.48% | 32.38% | 33.17% | 36.04% | 29.25% | 30.57% |

(*) CAR has been calculated in accordance with Circular 41 (Basel 2 standards) since 1 Jan 2019

Abbreviation

| | | | |
|------|---------------------------------|------|-----------------------------|
| CAR | Capital Adequacy Ratio | NoII | Non Interest Income |
| CASA | Current Account, Saving Account | NPL | Non performing loans |
| CIR | Cost to income ratio | Opex | Operating Expenses |
| COF | Cost of fund | PBT | Profit before taxes |
| FDI | Foreign Direct investment | qoy | quarter over quarter |
| FX | Foreign Exchange | ROAA | Average Return on Assets |
| FYP | First year premium | ROAE | Average Return on Equity |
| L/C | Letter of Credit | SME | Small and Medium Enterprise |
| LDR | Loans to Deposit Ratio | TF | Trade Finance |
| LLCR | Loans loss coverage ratio | TOI | Total Operating Income |
| NFI | Net Fee income | VAT | Value added tax |
| NII | Net interest income | yoy | year over year |
| NIM | Net interest margin | ytd | year to date |

| Balance Sheet (USD million) | 2019 | 2020 | 2021 | 2022 | 2023 | 2023Q2 | 2024Q2 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash and cash equivalents | 595 | 657 | 791 | 777 | 608 | 680 | 534 |
| Balances with SBV | 1,497 | 1,442 | 988 | 3,920 | 2,435 | 2,377 | 1,473 |
| Current accounts, deposits and placements with banks | 10,767 | 11,658 | 9,913 | 13,284 | 14,098 | 12,062 | 13,050 |
| Investments in securities | 7,312 | 6,913 | 7,625 | 8,379 | 6,213 | 6,674 | 6,998 |
| Loans to customers | 31,709 | 36,536 | 42,175 | 48,497 | 53,229 | 49,601 | 56,457 |
| Provision for Loans to Customers | (450) | (837) | (1,130) | (1,049) | (1,202) | (1,590) | (1,438) |
| Equity investment | 106 | 97 | 103 | 93 | 93 | 95 | 86 |
| Net fixed assets | 290 | 372 | 379 | 338 | 323 | 320 | 318 |
| Other assets | 945 | 862 | 1,271 | 2,583 | 1,284 | 1,559 | 1,073 |
| Total Assets | 52,772 | 57,700 | 62,115 | 76,821 | 77,081 | 71,777 | 78,551 |
| Current accounts of banks and payables to SBV | 3,986 | 1,791 | 416 | 2,851 | 70 | 96 | 2,761 |
| Borrowings from SBV and term deposits from banks | 3,177 | 4,507 | 4,818 | 9,848 | 8,960 | 6,766 | 9,012 |
| Customers deposits | 40,071 | 44,904 | 49,839 | 52,665 | 58,481 | 55,882 | 56,665 |
| Derivatives and other financial liabilities | - | 2 | 1 | 0 | - | - | - |
| Valuable papers issued | 923 | 924 | 763 | 1,073 | 834 | 687 | 1,109 |
| Other liabilities | 1,122 | 1,477 | 1,486 | 4,639 | 1,817 | 1,944 | 1,514 |
| Total Liabilities | 49,281 | 53,606 | 57,322 | 71,076 | 70,167 | 65,375 | 71,061 |
| Charter capital | 1,601 | 1,614 | 1,628 | 2,004 | 2,342 | 1,993 | 2,304 |
| Surplus & Other capital | 230 | 232 | 234 | 246 | 243 | 244 | 239 |
| Reserve funds | 526 | 649 | 798 | 955 | 1,150 | 950 | 1,132 |
| Differences in FX and Asset revaluation | 6 | 0 | (0) | (37) | (41) | (37) | (39) |
| Retained earnings | 1,125 | 1,595 | 2,129 | 2,572 | 3,216 | 3,247 | 3,850 |
| Total Shareholders' Equity | 3,487 | 4,090 | 4,789 | 5,741 | 6,910 | 6,398 | 7,485 |
| Minority Interest | 4 | 4 | 4 | 4 | 4 | 4 | 4 |

| Income Statement (USD million) | 2019 | 2020 | 2021 | 2022 | 2023 | 2023Q2 | 2024Q2 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Interest income | 2,915 | 3,011 | 3,100 | 3,732 | 4,530 | 2,380 | 1,932 |
| Interest expenses | (1,427) | (1,432) | (1,244) | (1,477) | (2,284) | (1,191) | (779) |
| Net interest income | 1,488 | 1,579 | 1,856 | 2,255 | 2,247 | 1,189 | 1,154 |
| Fee & Commission income | 388 | 461 | 495 | 526 | 529 | 258 | 268 |
| Fee & Commission expenses | (202) | (173) | (170) | (237) | (287) | (128) | (147) |
| Net Fee & Commission income | 185 | 287 | 325 | 290 | 242 | 130 | 121 |
| Foreign exchange gain (Net) | 145 | 170 | 192 | 244 | 237 | 134 | 97 |
| Net Gain / (Loss) on Securities | 7 | 0 | 2 | (1) | 5 | 4 | 1 |
| Investment income (loss) | 11 | 20 | 6 | 9 | 11 | 3 | 0 |
| Net Other income | 132 | 78 | 105 | 87 | 95 | 56 | 30 |
| Non-interest income | 480 | 556 | 630 | 628 | 591 | 327 | 249 |
| Total Operating income | 1,969 | 2,135 | 2,486 | 2,884 | 2,838 | 1,516 | 1,403 |
| Total Operating expenses | (681) | (698) | (776) | (900) | (918) | (460) | (419) |
| Operating profit (pre-provision) | 1,288 | 1,437 | 1,710 | 1,983 | 1,919 | 1,055 | 983 |
| Provisions (net of reversals) | (292) | (434) | (504) | (401) | (191) | (192) | (125) |
| Profit before taxes | 995 | 1,003 | 1,207 | 1,583 | 1,728 | 863 | 859 |
| Income tax expense | (198) | (199) | (240) | (315) | (343) | (172) | (170) |
| Net profit /loss <i>(including Minority Interest)</i> | 797 | 803 | 966 | 1,266 | 1,384 | 691 | 688 |

Converted from VND using SBV Central FX rate on the quarter ended day

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